



# State of Wisconsin

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STEPHEN R. MILLER  
CHIEF

September 9, 2013

## MEMORANDUM

**To:** Representative Schraa

**From:** Marc E. Shovers, Managing Attorney, (608) 266-0129

**Subject:** Technical Memorandum to **2013 AB 289** (LRB-2685/1) by **DOR**

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We received the attached technical memorandum relating to your bill. This copy is for your information and your file.

Most of the issues raised by DOR are policy issues, although perhaps the bill should specify when a city should notify DOR to redetermine a TID's base.

The issue DOR raises in the second paragraph, suggesting a city couldn't request a base redetermination because a decrement TID may not amend its project plan, does not make sense to me; the bill clearly authorizes a city to require DOR to redetermine a decrement TID's base.

If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.

## **MEMORANDUM**

September 9, 2013

**TO:** Marc E. Shovers  
Legislative Reference Bureau

**FROM:** Robert Schmidt  
Department of Revenue

**SUBJECT:** Technical Memorandum on 2013 AB 289 Relating to Authorizing a City or Village to Require the Department of Revenue to Redetermine the Value of the Tax Incremental Base of Certain Tax Incremental Districts

The Department of Revenue (DOR) has the following concerns regarding the bill:

The definition of "decrement situation" under Section 1 could be clarified in two ways. First, the definition could indicate that the decrement situation needs to have existed for the most recent two years' equalized values. Second, since the municipal boards should have the equalized value data in hand when they pass any resolution, the phrase "on or about the date" on page 2, line 4 could be amended to read "on the date" on which a resolution is adopted.

A TIF district that has been declared as distressed or severely distressed is not permitted to amend its project plan, and therefore the municipal board may be barred from requesting the DOR to redetermine the base value of such districts. We suggest that a cross-reference be added to the list of prohibitions under sec. 66.1105 (4e) 3. to help prevent misunderstandings on this point.

The bill needs to specify when a municipality needs to notify DOR of its request for the redetermination and that such request be on a DOR prescribed form. We suggest that the necessary materials should be submitted to DOR be on or before October 31 of the year the resolution was enacted. (This is the same date provided for materials regarding the creation of TIF districts and amendments to project plans under sec. 66.1105 (5) (b)).

If the author wishes, section 6 of the bill could include a cross-reference to sec. 66.1105 (4) (a) and (4) (e) to be consistent with public hearing notices related to other TIF changes.

The proposal does not amend the "substantial compliance" language in sec. 66.1105 (15) which permits the DOR is permitted to effectively overlook certain minor errors on the part of local officials regarding certain TIF district procedures. If the author wishes that the proposed redeterminations be covered "substantial compliance", an appropriate cross-reference should be added to the "substantial compliance" sub-section.

The bill does not specify an effective date. An effective date of October 1, 2014 would permit the DOR to notify local officials of the law change and establish the necessary administrative procedures for both local officials and the DOR to follow so that the law is properly carried out.

If you have any questions on the property tax issues in the technical memorandum, please contact Daniel Huegel at 266-5705.

cc: Representative Michael Schraa